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ABSTRACT

This paper describes the solution developed by Michigan State University to increase the institution's capacity for strategic innovation while respecting the University's limited financial means. One element of Michigan State's strategy has been to send cross-institutional teams to participate in the Knight Collaborative's Wharton-IRHE (Institute for Research in Higher Education) Executive Education for Higher Education program. Team members learned about strategic tools for organizational change and then applied them in the University's situation. The tools and strategies for institutional transformation include: (1) the achievement of joint gains; (2) strategic agility; (3) directional focus; (4) leadership; (5) collaboration; and (6) communication and responsiveness. The combination of braid expectation and accountability, accompanied by individual discretion in the method used to advance one's strategy, has created a climate of remarkable collaboration at Michigan State. The same cross-functional team approach has been taken to the evaluation of strategic initiatives, and there is no doubt that a major part of Michigan State's strategy for increasing effectiveness is investment in people. At Michigan State professionals at every level know how to act strategically and understand how their actions strengthen the University as a whole. (SLD)

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Exemplars

Michigan State University

Strategy Without Deep Pockets: Enhancing Institutional Capacity from Within

The Problem: ***Increase the capacity for strategic innovation in a large, decentralized public research university with limited financial means.***

The Solution: ***Engage faculty, staff, and administrators in a mutual-interest approach to strategic innovation, working across organizational and hierarchical boundaries to achieve common purposes.***

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Setting form and pursuing a strategic vision for Michigan State University (MSU) is no small task. A research university with 14 degree-granting colleges, offering more than 200 programs of learning to more than 45,000 undergraduate and graduate students, Michigan State epitomizes a complex, decentralized organization. It is also a land-grant university and a member of the Association of American Universities, committed not only to maintaining a balance between the missions of research, education, and outreach, but also to achieving international distinction in each. The very extent of its reach can lead one to regard this University's strengths and accomplishments in terms of its individual parts.

When Peter McPherson became President of Michigan State in 1993, he set about to assure that the University would become more than the sum of those parts. As an outsider to higher education, he perceived that universities needed to change in order to become more effective and efficient. One of his first actions was to engage the MSU community in a broad, deliberative process of defining the institution's purposes and direction. The result was two public statements: MSU's **Guiding Principles**, followed later by the **MSU Promise**. Together these

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statements commit the University to several key goals that have informed the University's operational priorities and decisions year after year: improving access to quality education and expert knowledge, achieving more active learning, generating new knowledge and scholarship across the mission, promoting problem-solving to address society's needs, advancing diversity within community, and making people matter.

Beyond these formal declarations of institutional direction, McPherson has found that the communication of institutional purposes through the media can be an important means of advocating a coherent vision of progress in a large, multi-faceted institution. "When you declare publicly your vision of the University's direction and its next steps," he says, "members of the larger community begin talking to our faculty and staff about things they've read and heard. You have to provide the media with substantive information, and you have to show that you're actually moving in the direction you've announced. But the result is often that an idea comes to have greater impact within the University itself."

Management vision linked with bottom-up initiative

Public statements both inside and outside the institution help convey a sharpened sense of direction and purpose. At the same time, McPherson observes, the entire University, top to bottom, needs to be engaged in making progress toward any goal. "If those statements were the only things we did, we wouldn't get real change," he says. "The strength of a university is that there are very smart people doing unexpected things. A setting like this needs a combination of forces to give traction to institutional vision: management drive from the top to convey and motivate the broadly discussed purposes, and bottom-up initiative to shape and carry them through."

When Lou Anna Simon became MSU's Provost and Vice President for Academic Affairs in 1993, she brought some 20 years of faculty and administrative experience at Michigan State. Her extensive knowledge of the University led her to conceive of the University's challenges in very much the same terms as McPherson. Both realized that MSU needed to change some of its traditions and operating procedures in order to move to the next level of excellence. These two leaders have made remarkable strides in creating the capacity for a more agile and collaborative style of academic leadership within the University—one that draws on the initiative and resourcefulness of people throughout the institution. The distinctive feature of MSU has become one of leadership generated from within, relying on collaboration and innovation to capture energy across the University. "The challenge these days," says Lou Anna Simon, "is to create the capacity for good ideas to take root without the need for presidents and provosts to nurture each one."

McPherson and Simon have worked to create the conditions that encourage innovative and collaborative leadership to emerge—in effect, to cross-wire the institution in ways that allow changing patterns of engagement to form. Don Straney, Professor of Zoology and Assistant to the Provost for Faculty Development, observes: "The President and Provost have always had faith in the emergent properties of the University—its capacity to achieve results that exceed what any single factor in itself could produce or explain."

One element of Michigan State's strategy has been to send cross-institutional teams to participate in the Knight Collaborative's Wharton-IRHE Executive Education for Higher Education program. A given team typically consists of faculty, administrators, staff, and students reflecting a range of roles, responsibilities, and perspectives both within and across organizational units. In the past four years, MSU has formed teams to address a

A sampling of challenges that MSU has addressed through a team approach in conjunction with the Wharton-IRHE Program:

- Build a system that provides undergraduates with a higher and more consistent quality of student advising.
- Redesign the freshman year experience in a way that heightens expectations for student learning and achievement.
- Develop a means of recognizing significant student achievement outside the classroom.
- Develop a campus information system that recognizes interdisciplinary collaboration and achievement, facilitates understanding, and leverages change while providing appropriate accountability.
- Build a University capital campaign that more closely conjoins the efforts of the development, university relations, and communications staffs.
- Create a more coherent set of images and themes to convey the strengths of the University to a range of external constituencies.
- Develop an institutional culture and capacity to complete more routine transactions and processes electronically.
- Build an institutional environment that makes the assessment of undergraduate learning more integral to the design of curriculum and pedagogy.

variety of issues high on the list of institutional priorities (see box above). In the course of these intensive four-day sessions, team members learn and apply strategic tools for organizational change as taught by faculty of the Wharton School and the Institute for Research on Higher Education (IRHE) at the University of Pennsylvania.

The Financial Imperative

In an important sense, Michigan State has no choice but to foster more effective bonds between its component parts. MSU is sparsely resourced in comparison to other universities of its kind. In 1994, the University enacted a tuition guarantee to the residents of Michigan—a public pledge not to increase undergraduate tuition at a rate exceeding inflation for a given year, provided that the State of Michigan maintained commensurate funding to the University. "In the academy, we tend to think that the way to solve problems is to spend a lot more money," says Peter McPherson. "The tuition guarantee is a way of saying that we can't do that; we have to find ways of saving money, and of getting better at the same time."

With a reduction in state funding to the University, MSU was forced to suspend the tuition guarantee in July 2001. Despite this step, there remains a clear understanding within the University of the need to make effective use of resources. "If you can't buy solutions with new money, you have to find ways of creating solutions with the resources you've got," says David Gift, Vice Provost for Libraries, Computing, and Technology. Angela Brown, Director of Housing, points out, "We have to find ways of looking inward to meet our obligations to students without simply increasing costs."

"Getting to California"

The ambitiousness of the institutional vision, linked with the constraint on resources, makes it necessary for members of this University to think and act in more strategic and collaborative ways. Several elements of the Wharton-IRHE curriculum resonate with the ways that Peter McPherson, Lou Anna Simon, and other leaders at Michigan State think about the challenges facing their institution. The tools and strategies for institutional transformation include:

- **The Achievement of Joint Gains:** engaging the interests of key stakeholders to act on their shared interests in order to achieve an outcome that benefits all parties.

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- **Strategic Agility:** strengthening institutional capacity to adapt to both current and future challenges in an environment of uncertainty.
- **Directional Focus:** choosing the goals an institution will and will not pursue.
- **Leadership:** fostering the ability to inspire and motivate others, not just at the top but at every level of the organization.
- **Collaboration:** convening teams that can work together both within and across organizational units to achieve common goals.
- **Communication and Responsiveness:** making clear public statements of institutional direction and incorporating feedback processes in order to improve both the design and execution of particular strategies.

While these themes share some elements with other approaches to effecting change within organizations, MSU accords greater flexibility than many other institutions in the application of those elements. MSU has not created a central quality office or adopted the one-size-fits-all approach that often characterizes Continuous Quality Improvement (CQI) programs. "We want lots of tools in our box," says David Gift. "We look for opportunities to apply them situationally, rather than through a wholesale top-down approach.

Building capacity for good ideas to take root

The colloquial handle that Lou Anna Simon uses to describe the goal is "Getting to California." What "California" describes is not so much a geographical destination as a set of individual explorations as MSU works to achieve its full potential as a land-grant research university in the twenty-first century. "We set out 'California' as a statement of directional truth," she says, "knowing that people will get there by different routes." Within the framework of Michigan State's **Guiding Principles**, and **MSU Promise**, as well as the institutional commitment to financial prudence and efficiency, academic leaders at the University's colleges, schools, and departments have considerable discretion in how they move the institution forward.

It often occurs that "Getting to California" entails working with other parts of the University in ways that serve their mutual interests. Martha Hesse, Senior Presidential Advisor and Assistant Provost, observes that in some respects MSU is redefining the concept of a goal as traditionally understood. "Rather than being imposed from the top, a particular goal may come about through the interaction of those working to achieve a common end. The expectation is that you learn along the way and communicate what you learn to others."

The accruing benefit is that a growing number of faculty, staff, students, and administrators at Michigan State share an understanding of key concepts and strategies for making transformational change in a university. In addition to convening teams to participate in the Philadelphia sessions, MSU has customized the Wharton-IRHE program on two different occasions, bringing several Wharton faculty to settings on or near its own campus, making it possible for large numbers of faculty, staff, administrators, as well as students to learn and apply lessons of the Wharton-IRHE curriculum to their own divisions and units. MSU has found that the involvement of students substantially enhances the richness of exchange within any team, leading to more practical strategies and better results. Involving an extensive range of the University community in this process helps create a passion for effecting change throughout the institution.

The combination of broad expectation and accountability, accompanied by individual discretion in the method used to advance one's strategy, has created a climate of remarkable collaboration at Michigan State.

The message from the senior leadership is not so much to specify the goal as to communicate the expectation that parts of the organization define and pursue goals in conjunction with others. Says Ron Cichy, Director of The School of Hospitality Business, "The senior leadership conveys a vision of what the University can be; we find ways to make it happen."

Incentivizing Collaboration

No one should think that building a stronger culture of collaborative interaction comes easily. It takes hard work to overcome accustomed habits and modes of interaction. The very range of perspectives among academic units and divisions of the University can have the effect of casting individual differences in sharp relief. For this reason, one component of the Wharton-IRHE program that MSU has found particularly attractive is the concept of seeking joint gains by focusing on shared interests. Applying this approach, as taught by Peter Cappelli of the Wharton School, makes it possible for contending parties to look beyond their stated needs to understand the deeper purposes another party wants most to achieve. Says David Byelich, Assistant Vice President and Director of Planning and Budgets, "All too often the tendency is to reduce a given issue to a zero-sum situation, in which two or more units compete for resources and one emerges as the winner. But if you can raise the discussion to the next level, it becomes possible to produce win-win solutions that address the needs of all parties and allow each to work in complementary roles." One notable example of this principle is the willingness of the University's deans to work together in formulating the themes of the University's capital campaign. By several accounts, the deans at Michigan State are as collaborative a group as anyone has seen in the past two decades, and many instances of collaboration and goal-setting naturally occur among different units at the grass-roots level. In a number of ways, MSU communicates the importance of reaching beyond differences to identify and pursue goals in common with others. For example, a new column has been added to the annual report of activities that each dean completes. The column asks, "What grant proposals did you help someone from another part of the University to write?" Lou Anna Simon has also used the technique of asking deans, "What would you want the Provost to say publicly about another college or unit of your University?" A question of this sort becomes an unobtrusive means of determining how attuned a given leader is to the strands of activity outside his or her own college or unit.

"We incentivize collaboration," says Simon. In a variety of ways, Michigan State sends the signal that it must become more than a collection of entities related to one another only by an accident of corporate identity or physical proximity. Sherie Sprague, Manager of Physical Plant, says that her participation in a Wharton-IRHE session has enhanced her understanding of how a growing number of University leaders conceive their challenges. "Every time I go to the administration building, I see parts of the model written on a chalk board or a note pad. It's clear that the senior leadership uses these terms in framing the challenges facing the University."

Cross-institutional teams as agents of change

The larger benefit of fostering collaboration, in Simon's view, is that it moderates the turf battles that naturally occur. "It doesn't eliminate them completely, because you have strong historical differences, for example, between faculty in engineering and arts and sciences. But creating cross-functional teams helps people see that those differences don't necessarily preclude the possibility of working together."

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Barometers of Change

Calibrating the success of any initiative in a complex organization is an elusive task, and there are no simple measures of the impact resulting from the approach Michigan State has taken to cross-functional team building. "Many of the concepts of the Wharton-IRHE program derive from for-profit industry," Simon observes, "where product lines are easier to define. In settings of that kind, there are numbers that go up when the organization is successful. Part of our problem as a university is that we don't have a single product line, and for that reason we struggle with the measure of success."

Beyond zero-sum formulations

The perceptions that people form of the University, and of the changes it has undergone over time, provide one index of the progress made in building a more collaborative and interactive environment. People interviewed at MSU describe:

- An environment that has become less bureaucratic, that provides a receptive environment for trying new ideas, and that is more conducive to risk-taking;
- Fewer instances of the zero-sum mentality that pits different parties against one another in a winner-take-all situation, and more instances of different parties working to achieve solutions that accord mutual benefits;
- An increased willingness of people to think and work across organizational and hierarchical barriers, and to see the success of another unit as something that affects themselves as well;
- A spirit of collaboration among the deans that allows them to work closely together on issues ranging from creating joint faculty appointments to framing the themes of a University capital campaign.

The University's emphasis on cross-disciplinary approaches has yielded a significant number of joint faculty appointments as well as protocols to credit faculty activity to multiple units and colleges. Thomas Whittam, the Hannah Distinguished Professor of Food Safety and Toxicology, is a recent arrival at Michigan State from another large public research university, where he had been "deeply entrenched in the biology department in a school of science for 15 years." As one whose work on food safety draws from several academic fields, he found that the administrative structures in his former setting were not conducive to building and sustaining cross-disciplinary ties. Whittam's appointment at MSU is based jointly in the College of Agriculture and Natural Resources, and the College of Veterinary Medicine. "It would be all but impossible to have that kind of arrangement at my former institution," he says. "At Michigan State, it's more like a network."

Whittam observes that other universities would find it very hard to get beyond the question of which college or academic division gets credit for the research conducted or the course taught. "At some level," he says, "it may be more chaotic, but there is a culture here of joint appointments, a reduction of duplication that's very conducive to faculty activity that crosses the boundaries of academic disciplines."

The permeability of boundaries derives in part from a longer history of joint appointments at MSU. When Michigan State developed its colleges of medicine in the 1960s, for example, a decision was made to link the basic science departments administratively to both the medical colleges and the colleges that had historically hosted those departments, rather than creating separate departments within the medical colleges. Lowering the walls is an intuitive strategy when an institution lacks deep pockets. When the strategy succeeds, the benefits can be substantial, as Simon points out: "It means, for

instance, that we can gather together people of energy and vision to meet an emergent University need—such as strengthening our study abroad programs—without allocating $50 million to create a new academic center." She observes that this approach effectively "frees up the definition of University resources to recognize the strength of our human assets and their capacity to bring about results in more organic ways."

One notable change in the University resulted from the work of a Wharton-IRHE team convened to lead the process of rethinking the freshman orientation program. "The proposal they came back with," says Don Straney, "was to take apart the existing program and rebuild it from the ground up. The President and Provost gave them the tools to do it." The result is a freshman orientation program that extends considerably beyond a campus tour and socialization seminar—a program that provides a more substantial academic component and makes students aware of what the University expects of them through their college careers. One of the most telling signs of cultural change at MSU is the degree of cooperation between academic affairs, student life, residence life, and student housing. By all accounts, the willingness of these different units to see themselves conjoined in common purposes is considerably greater today than in the past—an important result of the hard work required to develop the reorganized program.

David Gift recently led a Michigan State team whose purpose was to foster the process of using digital technology to create a less paper-dependent environment for University record-keeping and financial transactions. This team has made considerable headway, using several units of the University as test sites. The efforts to move beyond familiar procedures associated with paper transactions have provided valuable insights to the team and the University—not least of which is the amount of time required to make real cultural change. Gift observes, "While everyone subscribes to the idea that we shouldn't just automate current processes, we've discovered that a first attempt to create an electronic environment almost invariably replicates the existing paper-flow system. A second pass begins to move beyond familiar practices; but it is usually not until the third attempt that a breakthrough occurs in designing a system that uses technology to create a more effective system of transactions."

Last year, J.T. Forbes, Assistant Vice President for University Relations, led a team to help create a more coherent set of images from the multiple marketing and public relations materials created throughout the University's colleges and other divisions. Since the time of this team's participation in the Wharton-IRHE program, University Relations has worked with constituencies across the University to test and refine concepts for describing a multifaceted institution. In addition to yielding sharper language and imagery to inform University communications, this experience has led to major changes in the organizational structure of University Relations itself in order to facilitate better interaction between this office and other parts of the University. "As a team and as a University," Forbes says, "we're well beyond sloganeering and into strategic management."

Creating a Community

A major part of Michigan State's strategy for increasing effectiveness is to invest in its people. Jim Spaniolo, Dean of the College of Communication Arts and Sciences, has participated in two different Michigan State teams in the Wharton-IRHE program. "I found both experiences to be very valuable," he says. "They gave me a chance to work with people I knew by name but had never had a chance to work with directly. The team experience helped build the personal relationships and trust to work together on a number of levels when we

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returned to campus." David Byelich finds the program has given him an ability to see and understand emergent opportunities in a broader framework. "The experience allows you to ask, for example, 'What are the conditions needed, not just to train a leader, but to provide a leader with the support he or she will need to be successful?'"

Don Straney observes that one result of this approach to developing strategic capacity is an enhanced ability to build a web of relationships for addressing unforeseen issues that arise. "In the wake of the riots from MSU basketball playoffs in 1997 and '98, for example, we were able to work closely with the City of East Lansing, its neighborhood groups, and other constituencies, to discuss our concerns and forge solutions. In circumstances like these, leadership cannot come solely from the top or from the bottom. The point is to engage pockets of leadership and initiative at every level to work through the issues that may exist."

Peter McPherson finds that higher education institutions are settings in which it is particularly important to create an environment for collaborating across institutional boundaries. "A corporation like General Electric is much larger than a land-grant university, but at MSU we have a wider range of missions. That fact makes it even more of a challenge to work together effectively as a learning organization. Otherwise you have a bunch of smoke stacks with no interaction, and that limits the progress you can make."

"In composing cross-institutional teams," says David Gift, "we try to reach into the middle of the organization to identify people with potential for future leadership. This process helps build a network of people between the central administration and colleges, and among the colleges themselves. As a result of this cultivation, when specific challenges come along, we have a group of people who speak the language and have understood the concepts of working across organizational boundaries to yield effective results."

In pursuing this approach to cultural change in a public research university, Peter McPherson and Lou Anna Simon have clearly signaled that it is not just the top that matters. Michigan State is creating a community of professionals at every level who know how to act strategically and understand how their actions strengthen the University as a whole.

Institutional Statistics

Public research university in East Lansing, Michigan

Number of undergraduate students: **34,874**

Number of graduate students: **10,127**

Number of full-time faculty: **2,428**

Number of part-time faculty: **332**

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Exemplars, a companion to **Policy Perspectives,** features profiles of colleges and universities making significant changes to their institutional cultures. **Exemplars** is supported by the John S. and James L. Knight Foundation and is a publication of the Knight Higher Education Collaborative.

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